

**Draft Plan  
Tax Increment District  
Bronzeville District**

**Bronzeville  
Milwaukee, WI**

**Prepared for:  
Redevelopment Authority City of Milwaukee**

**Prepared by:**



---

## Table of Contents

I.	Introduction .....	2
II.	Project Area .....	2
III.	Project Goals and Objectives .....	4
IV.	Promotion of Orderly Development .....	5
V.	Existing Land Uses and Condition of Real Property .....	6
VI.	Public Improvement Plan .....	11
VII.	Capital Spending Plan .....	14
VIII.	Description of Financing Methods .....	14
IX.	Proposed Changes to Zoning Code, Master Plan, Building Code or other Ordinances .....	16
X.	Economic Feasibility Study .....	16
XI.	Proposed Plan for Relocating Displaced Persons or Businesses .....	22
XII.	Attorney's Opinion .....	22

### Tables

Table #1 – Assessed Value Analysis

### Exhibits

Exhibit #1 – Capital Spending Plan  
Exhibit #2 – Projected New Development  
Exhibit #3 – TID Pro Forma (Increment Value)  
Exhibit #4 – Debt Service Plan (Cash Flow)

### Maps

Map #1 – Amended TID Boundary with Parcels  
Map #2 – Existing Land Use  
Map #3 – Condition of Real Property  
Map #4 – Public Improvement Plan

### Appendices

Appendix A – Legal Boundary Description (amended area)  
Appendix B – Attorney's Opinion  
Appendix C- Feasibility Analysis

---

## Introduction

This document is the plan for the proposed Tax Increment District (TID), City of Milwaukee (the "District"). The Plan has been prepared in conformance with the provisions of Wisconsin Statutes Section 66.1105 ("Tax Increment Law").

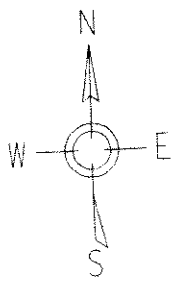
The plan for proposed TID No. [X] supports the planning efforts outlined in the Bronzeville Market Analysis and District Plan ("Plan").

The Plan proposed a series of public improvements to create a distinct character for the commercial streets in the Bronzeville District and to serve as a catalyst for private development and redevelopment. The proposed TID will provide the majority of the funding for these improvements, which will encourage and support the efforts of existing businesses to upgrade and expand facilities and make the Bronzeville District more attractive for new investment. Some public improvements will be completed initially and others will be completed in conjunction with private development. This conservative approach will minimize risk to the financial performance of the proposed TID.

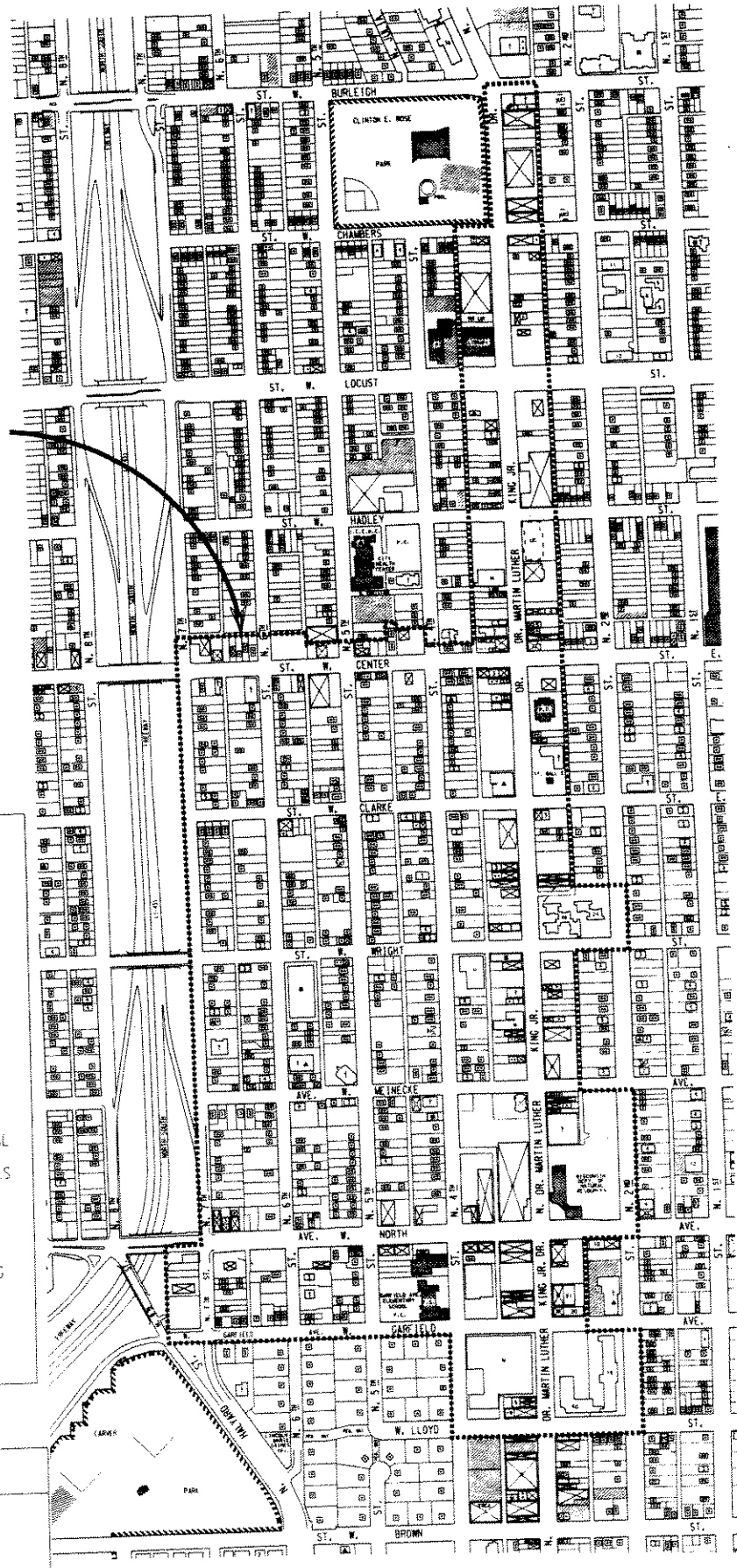
The TID is also helping create a development spark in the neighborhood to attract significantly more private investment. Funds will be deployed in the commercial and the residential neighborhoods of the District to assist in attracting private investment only to the extent warranted by market conditions. Said another way, any public assistance to private development will be limited to that which is necessary to attract private equity and development capital at market rates.

## Project Area

The project area is located in the City of Milwaukee. **Map #1** shows the proposed District boundary with the parcels. **Appendix A** contains the legal description of the area.



**TID BOUNDARY**



**LEGEND**

- ..... PROJECT BOUNDARY
- T CHURCH
- H HOTEL / MOTEL
- R ROOMING HOUSE
- P POLICE STATION
- F FIRE STATION
- HOSPITAL
- C CONDOMINIUM
- U UTILITY COMPANY
- T STORAGE TANK
- PARK
- P.S. PUBLIC SCHOOL
- P.G. PLAYGROUND
- PARKING LOT
- PARKING STRUCTURE
- SINGLE OR DUPLEX RESIDENTIAL
- MULTI-FAMILY RESIDENTIAL
- MIXED COMMERCIAL / RESIDENTIAL
- COMMERCIAL OR LOCAL BUSINESS
- OFFICE / PROFESSIONAL SERVICES
- MIXED COMMERCIAL
- SKILLED CARE FACILITY
- VACANT PARCEL
- NON - PUBLIC EDUCATION
- PUBLIC BUILDING
- MANUFACTURING AND WAREHOUSING
- ACCESSORY BUILDING
- CEMETERY
- TENNIS COURT
- BASKETBALL COURT
- DORMITORY

MAP NO. **TID - 64**  
**Bronzeville**

**1** BOUNDARY AND  
**&** EXISTING LAND USE  
**2**

DATE

---

## **Project Goals and Objectives**

The following is a list of goals and objectives that were created to guide the plan for the proposed TID and to promote the orderly development of the Bronzeville District.

### **Goals**

1. Strengthen the economic vitality of the Bronzeville District by supporting the retention and expansion of existing businesses, attracting new development and businesses and creating new job opportunities.
2. Strengthen the residential housing stock by offering financial assistance and incentives to owners seeking to build new housing and to improve and better maintain their homes.
3. Eliminate blighted, vacant and underutilized buildings and parcels.
4. Reposition the Bronzeville District to be unique in comparison to other commercial areas in the City by elevating its level of design, updating its infrastructure and promoting uses that are compatible and have market demand.
5. Improve the aesthetics of the Bronzeville District to help attract and retain businesses and preserve property values.
6. Increase the property tax base of the Bronzeville District and protect property values of adjacent neighborhoods.
7. Ensure that Bronzeville District will realize its full economic potential.

### **Objectives**

1. Encourage existing businesses and homes to upgrade their facilities.
2. Build at least 26 new residential homes (infill development).
3. Eliminate underutilized land and environmental hazardous conditions.
4. Reconfigure parcel size and shape to optimize development opportunities and meet current development standards.
5. Improve vehicular and pedestrian safety and provide better access to Bronzeville Properties.
6. Rehabilitate or remove deteriorated, functionally obsolete, blighted and structurally unsound buildings for uses permitted in the Bronzeville Market Analysis and District Plan.

- 
7. Facilitate and promote redevelopment of the area through development that is consistent with the Bronzeville Market Analysis and District Plan and surrounding neighborhoods.
  8. Implement aesthetic improvements such as streetscaping, landscaping, architectural design standards, amenity lighting and site design standards.
  9. Promote economic development that will generate new employment and housing opportunities and provide goods and services for neighborhood residents.
  10. Provide economic development loans, grants or other incentives to qualified developers or property owners that seek to improve their properties.
  11. Provide project and site improvements, including the installation, construction, or reconstruction of streets, alleys, pedestrian ways, parking lots, utilities, and other related improvements necessary for carrying out the goals of the Project Plan.

## **Promotion of Orderly Development**

The Bronzeville District was historically the area that became the business, economic and cultural center to many of Milwaukee's African-American residents between the early 1900s and the 1960s. By the 1930s, the number of African American-owned businesses exceeded all others with the highest concentration between 6<sup>th</sup> and 9<sup>th</sup> Streets. Over the past few decades, the Bronzeville District has declined due to changing demographics of the City and region, construction of the interstate and economic cycles. There is growing interest in redeveloping the neighborhood as a special destination and business, entertainment and cultural center for those who want to partake and participate in the Bronzeville spirit and new business venues on North Avenue.

The presence of empty lots, vacant properties, poor aesthetics, outdated retail facilities, and few site amenities has led to a less than expected assessed value for the Bronzeville District. The City is concerned that doing nothing will lead to further vacancies, loss of tax base and increased blight in the Bronzeville District. It is the intention of the City to prevent this from happening.

The proposed TID promotes the orderly development of the Bronzeville District because it will provide the community with the financial resources to implement the public improvements recommended in the Bronzeville Market Analysis and District Plan and to attract private development in the

---

neighborhood consistent with the Market Analysis and District Plan. The actions outlined in the District Plan will also improve the aesthetics of the area, promote a distinctive and compatible mixture of land uses, improve connections to the surrounding neighborhoods and enhance vehicular and pedestrian circulation. Public improvements and financial assistance will encourage existing businesses to upgrade facilities and attract new businesses to the District.

Without an investment from the City, the private marketplace is not likely to invest significant amounts of money in the area and the Bronzeville District will continue to decline.

## **Existing Land Uses and Condition of Real Property**

A site visit was conducted and current property data files were analyzed to determine existing land uses and the condition of real property in the amended District area.

### **Land Use**

The most prevalent land use within the proposed areas is residential. The District area also contains retail uses. **Map #2** shows the District area's existing land use.

### **Condition of Real Property**

The Bronzeville District has several long-time businesses that will serve as strong anchors for the redevelopment of this area. The Black Holocaust Museum has been a local destination for many of the exhibits it has hosted over the years, however, the Museum is limited in its ability to host exhibits by the size of their facility. An expanded facility would increase their number of exhibits as well as provide opportunities for other cultural activities. The Wendy's Restaurant on 7<sup>th</sup> Street does a significant volume of drive-thru business. However, the overall condition of the area is blighted as several parcels are vacant and/or underutilized. The blighted nature of the District discourages business development, reduces property values, threatens the vitality of surrounding neighborhoods and diminishes the quality of life for residents.

Throughout the District area there are prevalent examples of blight, including unkempt properties and deteriorating structures. Also, vehicular

circulation is poor, and parcel configuration in some areas is not conducive to new development standards. Furthermore, there are few pedestrian and bicycle amenities.

**Map #3** shows the condition of property in the proposed District area boundary.

If the assessed value of land is greater than the assessed value of improvements, it is generally an indication that the property is not reaching its full potential and is considered underutilized. **Table #1** lists the properties within the District area that meet this criterion. The properties include:

**TABLE #1: ASSESSED VALUE ANALYSIS**

Parcel	Type	Land	Improvements	Difference
2721 N. Martin Luther King Jr.	Local Commercial	\$ 3,900	\$ -	\$ (3,900)
3048 North Martin Luther King Jr.	Local Commercial	\$ 3,300	\$ 1,200	\$ (2,100)
516 W. Center Street	Local Commercial	\$ 1,600	\$ -	\$ (1,600)
2813-2815 N. Martin Luther King Jr.	Local Commercial	\$ 2,300	\$ -	\$ (2,300)
2967 N. Martin Luther King Jr.	Local Commercial	\$ 4,000	\$ -	\$ (4,000)
2354 N. Martin Luther King Jr.	Local Commercial	\$ 67,500	\$ 27,500	\$ (40,000)
2403-2409 N. Martin Luther King Jr.	Manufacturing	\$ 24,000	\$ 6,000	\$ (18,000)
2417-2423 N. Martin Luther King Jr.	Manufacturing	\$ 17,400	\$ 4,600	\$ (12,800)
2231 N. Martin Luther King Jr.	Local Commercial	\$ 56,300	\$ -	\$ (56,300)
2670-2676 N. 7th Street	Local Commercial	\$ 1,400	\$ -	\$ (1,400)
527 W. Clarke Street	Residential	\$ 1,800	\$ -	\$ (1,800)
2212-2228 N. 4th Street	Local Commercial	\$ 112,500	\$ 21,500	\$ (91,000)
2554-2566 N. 6th Street	Local Commercial	\$ 3,500	\$ -	\$ (3,500)
2548 N. 6th Street	Residential	\$ 2,700	\$ -	\$ (2,700)
2512 N. 6th Street	Residential	\$ 2,700	\$ -	\$ (2,700)
2429 N. 6th Street	Residential	\$ 2,100	\$ -	\$ (2,100)
627-629 W. Meinecke	Residential	\$ 2,500	\$ -	\$ (2,500)
2316-2318 N. 7th Street	Residential	\$ 2,700	\$ -	\$ (2,700)
2317-2325 N. 6th Street	Residential	\$ 500	\$ -	\$ (500)

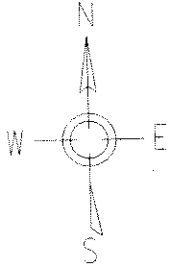
The following paragraphs describe the condition of specific properties within the District area that are classified as underutilized or vacant on **Map #3**.

### Vacant Parcels

Vacant parcels in the area include infill residential lots and several parcels acquired by the Redevelopment Authority of the City of Milwaukee.



283	282
312	313
323	322
332	333



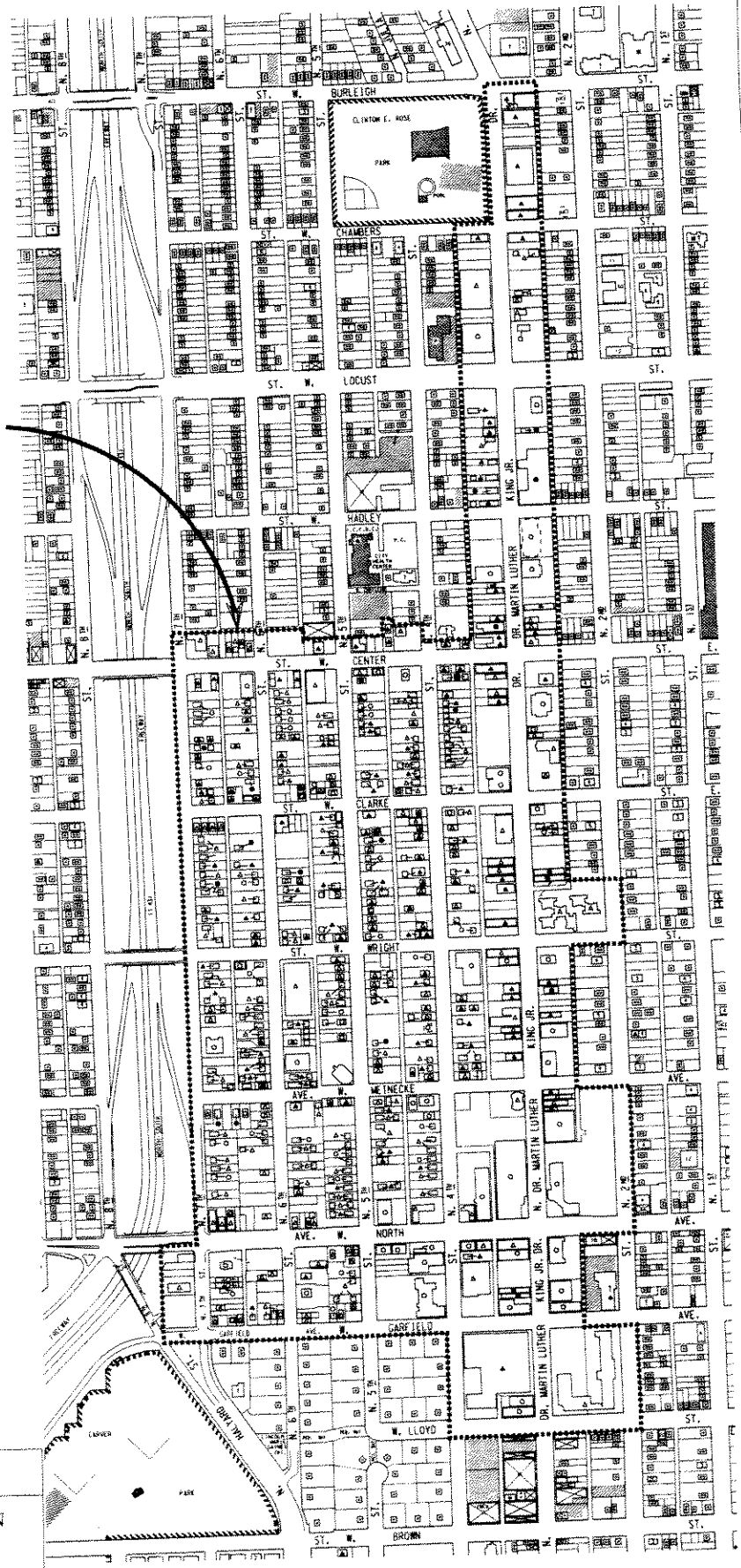
TID BOUNDARY

LEGEND

- STANDARD
- △ MINOR DEFICIENCY
- ▲ MAJOR DEFICIENCY
- SUBSTANDARD

MAP NO. 3  
 TID - 64  
 Bronzeville  
 STRUCTURE CONDITION

DATE



---

## **Public Improvement Plan**

Staying competitive in today's retail marketplace is a continual effort by retail districts across the country. The Bronzeville District is no exception to this rule. Retail districts need to continually reinvent their image, update their mix of uses, and look for ways to create a marketing edge over their competitors. Residential districts must also keep a well-maintained appearance and exhibit pride of ownership to attract new buyers and to keep existing homeowners.

In order to maintain the Bronzeville District's competitive edge, the City and private businesses must work together to improve the quality of the retail experience within the Bronzeville District. The public improvements described in this section demonstrate the City's commitment to this area, which, in return, should attract new investment.

This section describes in greater detail the public improvements and aesthetic enhancements proposed for the proposed TID area. Elements of the public improvement plan are described below. **Map #4** shows the public improvement plan.

## **Urban Design/Streetscape Elements**

The proposed urban design/streetscape elements will create a distinctive character for the area and make the area a more pleasant place for customers and businesses to shop, work, and recreate. The following urban design/streetscape features are proposed for the Bronzeville District.

### **North Avenue Streetscape**

Streetscape along North Avenue will include the City's selected ornamental lighting on both sides of the roadway. A few locations along North Avenue will include the installation of benches and trash receptacles.

### **Wayfinding Signage**

---

Wayfinding signage helps direct vehicles and pedestrians to area shops and businesses. It should be used throughout the Bronzeville District with special emphasis placed at the intersections of 7<sup>th</sup> Street and North Avenue and Martin Luther King Drive and North Avenue.

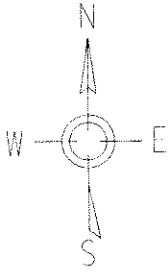
## **Roadway Improvements**

New roadway improvements are planned for the District area to improve traffic circulation and make businesses more accessible to customers. Roadway improvements will curb bump outs, paving and colored stamped concrete crosswalks.

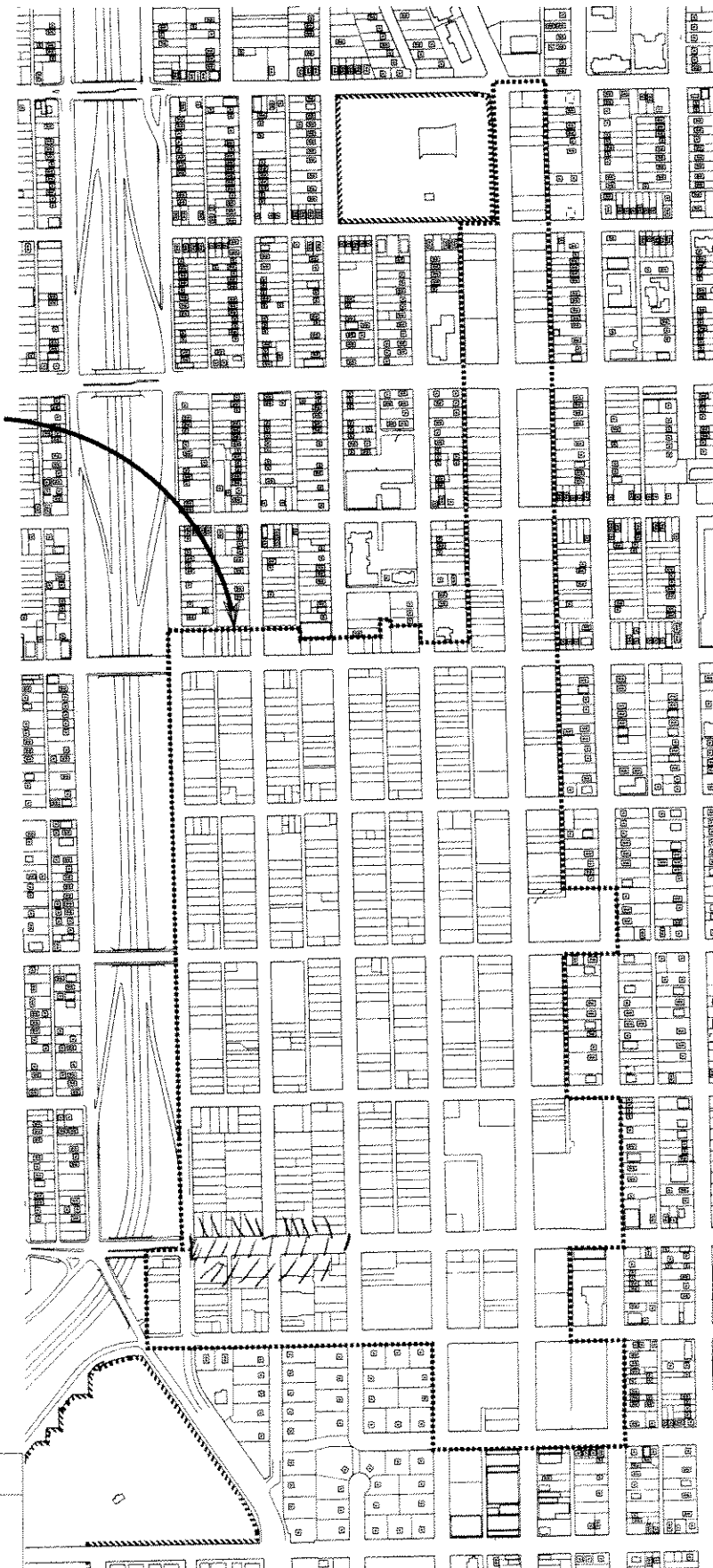
## **Economic Development Fund**

To ensure the success of this plan, an economic development fund, dedicated to the Bronzeville District, will be created. The fund includes incentives for developers and business owners to make site improvements such as landscaping and lighting and to update building façades. The City could also utilize these funds for site clean up costs and acquisition and demolition of properties. This fund also dedicates money to develop and implement a marketing plan that can be used to attract developers, entrepreneurs, investors, business owners and retail brokers to the Bronzeville District.

283	282
312	313
333	332
352	353



TID BOUNDARY



MAP NO. **TID - 64**

**4** PROPOSED PUBLIC IMPROVEMENTS PLAN AND USES

DATE

NOTE: THE NUMBER AND LOCATION OF PROPOSED PUBLIC WORKS AND IMPROVEMENTS DEEM NECESSARY FOR THE ACHIEVEMENT OF THE OBJECTIVES OF THIS PLAN ARE KEYS NUMERICALLY ON THIS MAP TO COINCIDE WITH THE LISTING PROVIDED AND DESCRIBED IN SECTION 111 B. I. D. OF THIS PLAN

① FOR EXAMPLE, DETAILS THE PUBLIC WORKS AND IMPROVEMENTS PLANNED FOR NORTH 27th STREET

MAP 4  
Proposed Land Use



---

## VII. Capital Spending Plan

The Capital Spending Plan identifies the cost of public improvements and identifies when those costs will be incurred. The project costs for the entire proposed TID area are estimated to be \$3,431,673. Spending is spread across 5 years and is expected to end in the year 2010. **Exhibit #1** shows the Capital Spending Plan.

## VIII. Description of Financing Methods

It is assumed the project costs will generally be financed through Taxable and Tax Exempt General Obligation (G.O.) Bonds. Other sources of funding could come from land sale proceeds, and federal and state grants such as Community Development Block Grants (CDBG), Wisconsin Department of Commerce Brownfield Grants and applicable Wisconsin Department of Natural Resources grants. Financing methods are included in the Capital Spending Plan in **Exhibit #1**.

**Exhibit #1: Bronzeville TID Capital Spending Plan**

Capital Spending Plan								
Project Series	Total	2005	2006	2007	2008	2009	2010	2011
<b>Phase II Improvements</b>								
Curb Bump Outs/Paving	\$ 180,000		\$ 90,000	\$ 90,000				
Colored Stamped Concrete Crosswalks	\$ 125,000		\$ 65,000	\$ 60,000				
Directional Signage/Informational Kiosks	\$ 100,500		\$ 50,250	\$ 50,250				
Street Furniture/Trash Receptacles	\$ 45,000			\$ 45,000	\$ -	\$ -		
Extensive Landscaping	\$ 38,000			\$ 38,000		\$ -	\$ -	
<b>Subtotal</b>	<b>\$ 488,500</b>	<b>\$ -</b>	<b>\$ 205,250</b>	<b>\$ 283,250</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>General and Admin. Costs</b>								
Admin., CDA Staffing, Legal	\$ 200,000	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000		
Land Acquisitions	\$ 1,000,000		\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000		
Marketing & Promotion	\$ 100,000		\$ 50,000	\$ 50,000				
E.D. Master Fund/Developer Incentives	\$ 1,000,000		\$ 250,000	\$ 500,000	\$ 250,000			
Residential Assistance Program	\$ 500,000		\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	
Capitalized Interest	\$ 143,173			\$ 24,774	\$ 69,074	\$ 49,325		
<b>Subtotal</b>	<b>\$ 2,943,173</b>	<b>\$ -</b>	<b>\$ 700,000</b>	<b>\$ 974,774</b>	<b>\$ 719,074</b>	<b>\$ 449,325</b>	<b>\$ 100,000</b>	<b>\$ -</b>
<b>Total Use of Funds</b>	<b>\$ 3,431,673</b>	<b>\$ -</b>	<b>\$ 905,250</b>	<b>\$ 1,258,024</b>	<b>\$ 719,074</b>	<b>\$ 449,325</b>	<b>\$ 100,000</b>	<b>\$ -</b>
<b>Sources of Funds</b>								
TID-Backed Debt	\$ 3,431,673	\$ -	\$ 905,250	\$ 1,258,024	\$ 719,074	\$ 449,325	\$ 100,000	\$ -
Tax Exempt	\$ 788,500	\$ -	\$ 305,250	\$ 383,250	\$ 50,000	\$ 50,000	\$ -	\$ -
Taxable Debt	\$ 2,643,173	\$ -	\$ 600,000	\$ 874,774	\$ 669,074	\$ 399,325	\$ 100,000	\$ -
<b>Total Sources of Funds</b>	<b>\$ 3,431,673</b>	<b>\$ -</b>	<b>\$ 905,250</b>	<b>\$ 1,258,024</b>	<b>\$ 719,074</b>	<b>\$ 449,325</b>	<b>\$ 100,000</b>	<b>\$ -</b>



---

## **IX. Proposed Changes to Zoning Code, Master Plan, Building Code or other Ordinances**

No changes are proposed to the zoning code, building code or other ordinances. Advisory design guidelines that create a sense of continuity, historic authenticity and high quality may be promulgated for the District.

The District will be redeveloped with retail and commercial development, housing preservation initiatives and infill residential development, that meet the current zoning requirements. Some mixed-use residential development is also a possibility.

## **X. Economic Feasibility Study**

An economic feasibility study was conducted to determine the financial feasibility of the proposed TID. The viability of the District will be determined by the amount of planned expenditures and the amount of expected revenues generated by new development. The economic feasibility analysis involves four steps that are explained below.

### **Public Improvement Expenditures**

The first step in the analysis is to incorporate the capital spending plan discussed in Section VII of this plan. As mentioned in that section, public expenditures for the District are \$3,431,673. Planned improvements include urban design/streetscape improvements, utility improvements, roadway improvements and an economic development fund.

### **Projected New Development**

The second step was to determine the anticipated new development in total and on an annual basis. **Exhibit #2** shows the projected new development for the proposed TID area. Approximately, \$4.7 million of new development is expected to occur in the Bronzeville District by the end of the year 2010. These estimates reflect likely costs of anticipated development and subsequent market values of the land and improvements.



---

The projected development value was prepared in consultation with the City of Milwaukee Department of City Development and the Bronzeville Market Analysis and District Plan. The estimates shown in **Exhibit #2** are reasonable and exemplify realistic development possibilities, but cannot be guaranteed.

### **TID Pro Forma (Increment Analysis)**

The third step in the analysis was to create the TID Pro Forma as shown in **Exhibit #3**. This analysis estimates future incremental revenue streams that are expected to occur within the District.

Incremental revenues can be used to fund planned public expenditures and include tax revenues from projected new development as well as projected future increases in property values from general price escalation.

To begin the pro forma analysis, the annual inflation increment was calculated. According to the City of Milwaukee, property in the District has been increasing in value by approximately 2.5 percent per year plus the value of new development.

Next, the inflation increment was added to the tax base generated by the projected new development to obtain the annual total value of the District. Since incremental TID values can only be used to pay for public improvements, the base value of the District was taken out of the total value to provide the future increment value. The future increment value was multiplied by the assumed tax rate to provide the annual tax increment value. This figure determines how much money is available for annual debt service and other TID related expenses.

The annual tax increment is shown on the last column of **Exhibit #3**. In the revenue year 2007 the annual tax increment is estimated to be \$27,147 and in the revenue year 2030, the annual tax increment is estimated to be \$1,078,624.

Tax rates were assumed to remain constant throughout the life of this proposed TID. The proposed tax levy freeze legislation contained in the State of Wisconsin 2005-2007 budget may have some effect on the tax increment available for the Bronzeville District. Should the tax freeze become a constitutional amendment, the tax rates may decrease and lengthen the time this TID remains effective.

---

## Debt Service Plan (Cash Flow)

The final step in the economic analysis was to calculate the debt service. This determines if the annual incremental tax revenues (cash flow) will be sufficient to repay the debt that was incurred to pay for planned public improvements. The debt must be repaid within the TIF statutory time limits. **Exhibit #4** shows the economic model that was used to determine the debt service plan. The model makes simplifying assumptions of debt instruments used to finance the public improvements.

The debt service plan assumes that all spending in the proposed TID is funded with borrowed funds and the majority of the spending will be eligible for tax exempt financing. Spending for developer incentives and loan funds are assumed to be taxable.

The biggest variable in debt financing is the interest rate. The debt service plan used conservative interest rate assumptions that are based on current market conditions. An interest rate of 4.5 percent is assumed for tax exempt bonds and an interest rate of 6.0 percent is assumed for taxable bonds. Actual borrowing costs may be improved by the underwriters and financial advisors that serve the City of Milwaukee.

**Exhibit #4** shows all debt can be repaid by 2023. This is well within the allowable time for TID expiration. Total repayment costs are estimated to be \$5,569,099. The proposed TID is financially feasible.

## Conclusion

Based on the assumptions for public improvement costs, projected new development and costs of financing, the proposed TID creates sufficient incremental tax revenues to repay the debt required to fund the public improvements planned for the proposed TID.

## Exhibit #2: Bronzeville TID Projected New Development

Description	Est. Total Value	2005	2006	2007	2008	2009	2010	2011
<b><i>Catalytic Projects/New Development</i></b>								
Residential Development - Single Family Homes- 26 lots @ \$125,000; Year 1:8 units; Years 2 & 3: 9 units	\$ 3,250,000		\$ -	\$ 1,000,000	\$ 1,125,000	\$ 1,125,000		
Local Entertainment Venue (3,500 sq ft)	\$ 333,796		\$ -	\$ 333,796				
Local Entertainment Venue (3,500 sq ft)	\$ 333,796		\$ -	\$ -	\$ 333,796			
Regional Entertainment Venue (8,000 sq ft)	\$ 762,962		\$ -	\$ -	\$ 762,962			
Sandwich Shop (1,500 sq ft)	\$ 143,055		\$ -	\$ 143,055				
Specialty Retail (1,400 sq ft)	\$ 133,518		\$ -	\$ 133,518				
Specialty Retail (1,400 sq ft)	\$ 133,518		\$ -	\$ -	\$ 133,518			
(2) Mixed Use/Specialty Retail Developments (2,800 sq ft each)	\$ 534,073			\$ 267,037	\$ 267,037			
Specialty Foods (1,700 sq ft)	\$ 135,108				\$ -	\$ -	\$ 135,108	
<b>Total New Development</b>	<b>\$ 5,759,826</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,877,406</b>	<b>\$ 2,622,312</b>	<b>\$ 1,125,000</b>	<b>\$ 135,108</b>	
<b><i>Demolition and Reduction of Value</i></b>								
Regional Entertainment Venue	\$ 334,500				\$ 334,500			
Sandwich Shop	\$ 83,900			\$ 83,900				
Specialty Retail	\$ 346,600			\$ 346,600				
Mixed-Use Development with Specialty Retail	\$ 161,600			\$ 80,800	\$ 80,800			
Cultural Center	\$ 118,300			\$ 118,300				
Local Entertainment Venue	\$ 16,000				\$ 16,000			
<b>Total Value of Development</b>	<b>\$ 4,714,926</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,247,806</b>	<b>\$ 2,207,012</b>	<b>\$ 1,125,000</b>	<b>\$ 135,108</b>	<b>\$ -</b>
	<b>\$ 4,714,926</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,247,806</b>	<b>\$ 2,207,012</b>	<b>\$ 1,125,000</b>	<b>\$ 135,108</b>	<b>\$ -</b>

**Exhibit #3: Bronzeville TID Pro Forma and Increment Value**

TID Pro Forma (Increment Value)								
Base Value \$ 41,828,800				Tax Rate (2005) Inflation Factor		0.02596 2.5%		
Construction Year	Valuation Year	Revenue Year (RevYr)	Inflation Increment	Real Increment / (Decrement)	Total Value at 12/31/RevYr	Future Value Increment	Assumed Tax Rate	Tax Increment
2004	2005	2006	\$ -	\$ -	\$ 41,828,800	\$ -	\$ 0.02596	\$ -
2005	2006	2007	\$ 1,045,720	\$ -	\$ 42,874,520	\$ 1,045,720	\$ 0.02596	\$ 27,147
2006	2007	2008	\$ 1,071,863	\$ -	\$ 43,946,383	\$ 2,117,583	\$ 0.02596	\$ 54,972
2007	2008	2009	\$ 1,098,660	\$ 1,247,805.94	\$ 46,292,849	\$ 4,464,049	\$ 0.02596	\$ 115,887
2008	2009	2010	\$ 1,157,321	\$ 2,207,012.32	\$ 49,657,182	\$ 7,828,382	\$ 0.02596	\$ 203,225
2009	2010	2011	\$ 1,241,430	\$ 1,125,000.00	\$ 52,023,612	\$ 10,194,812	\$ 0.02596	\$ 264,657
2010	2011	2012	\$ 1,300,590	\$ 135,107.80	\$ 53,459,310	\$ 11,630,510	\$ 0.02596	\$ 301,928
2011	2012	2013	\$ 1,336,483	\$ -	\$ 54,795,792	\$ 12,966,992	\$ 0.02596	\$ 336,623
2012	2013	2014	\$ 1,369,895	\$ -	\$ 56,165,687	\$ 14,336,887	\$ 0.02596	\$ 372,186
2013	2014	2015	\$ 1,404,142	\$ -	\$ 57,569,829	\$ 15,741,029	\$ 0.02596	\$ 408,637
2014	2015	2016	\$ 1,439,246	\$ -	\$ 59,009,075	\$ 17,180,275	\$ 0.02596	\$ 446,000
2015	2016	2017	\$ 1,475,227	\$ -	\$ 60,484,302	\$ 18,655,502	\$ 0.02596	\$ 484,297
2016	2017	2018	\$ 1,512,108	\$ -	\$ 61,996,410	\$ 20,167,610	\$ 0.02596	\$ 523,551
2017	2018	2019	\$ 1,549,910	\$ -	\$ 63,546,320	\$ 21,717,520	\$ 0.02596	\$ 563,787
2018	2019	2020	\$ 1,588,658	\$ -	\$ 65,134,978	\$ 23,306,178	\$ 0.02596	\$ 605,028
2019	2020	2021	\$ 1,628,374	\$ -	\$ 66,763,352	\$ 24,934,552	\$ 0.02596	\$ 647,301
2020	2021	2022	\$ 1,669,084	\$ -	\$ 68,432,436	\$ 26,603,636	\$ 0.02596	\$ 690,630
2021	2022	2023	\$ 1,710,811	\$ -	\$ 70,143,247	\$ 28,314,447	\$ 0.02596	\$ 735,043
2022	2023	2024	\$ 1,753,581	\$ -	\$ 71,896,828	\$ 30,068,028	\$ 0.02596	\$ 780,566
2023	2024	2025	\$ 1,797,421	\$ -	\$ 73,694,249	\$ 31,865,449	\$ 0.02596	\$ 827,227
2024	2025	2026	\$ 1,842,356	\$ -	\$ 75,536,605	\$ 33,707,805	\$ 0.02596	\$ 875,055
2025	2026	2027	\$ 1,888,415	\$ -	\$ 77,425,020	\$ 35,596,220	\$ 0.02596	\$ 924,078
2026	2027	2028	\$ 1,935,626	\$ -	\$ 79,360,646	\$ 37,531,846	\$ 0.02596	\$ 974,327
2027	2028	2029	\$ 1,984,016	\$ -	\$ 81,344,662	\$ 39,515,862	\$ 0.02596	\$ 1,025,832
2028	2029	2030	\$ 2,033,617	\$ -	\$ 83,378,278	\$ 41,549,478	\$ 0.02596	\$ 1,078,624
2029	2030	2031	\$ 2,084,457	\$ -	\$ 85,462,735	\$ 43,633,935	\$ 0.02596	\$ 1,132,737
2030	2031	2032	\$ 2,136,568	\$ -	\$ 87,599,304	\$ 45,770,504	\$ 0.02596	\$ 1,188,202
2031	2032	2033	\$ 2,189,983	\$ -	\$ 89,789,286	\$ 47,960,486	\$ 0.02596	\$ 1,245,054
2032	2033	2034	\$ 2,244,732	\$ -	\$ 92,034,018	\$ 50,205,218	\$ 0.02596	\$ 1,303,327
<b>TOTAL</b>				\$	<b>4,714,926</b>			<b>\$ 18,135,929</b>

**Exhibit #4: Bronzeville TID Debt Service Plan and Cash Flow**

Debt Service Plan												
Assumptions:						Results						
Blended Interest Rate-TID Debt	5.62%	Project Cost	\$	3,288,500								
Interest rate-Tax Exempt	4.50%	Total Borrowing Costs & Bond Discounts	\$	65,770								
Interest rate-Taxable	6.0%	Capitalized Interest	\$	143,173								
Borrowing Fees & Bond Discount	2.0%	Total Interest Cost	\$	2,071,656								
		Total Repayment Cost	\$	5,569,099								
		Net Tax Base Creation	\$	4,714,926								
		Net New Tax Base per \$1 Borrowed	\$	1.35								
Period	Year	Total Debt Financed Project Costs	Capitalized Interest	Borrowing Costs & Bond Discount	Blended Rate Capital Debt	Cumulative Debt/Unpaid Principal	Interest Payment	Principal Payment	Total Payment	Incremental Tax Revenues	TID Account Balance (Loss)	Capitalized Interest
1	2005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	2006	\$ 905,250	\$ -	\$ 18,105	\$ 923,355	\$ 923,355	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	2007	\$ 1,233,250	\$ 24,774	\$ 24,665	\$ 1,282,689	\$ 2,206,044	\$ 51,921	\$ -	\$ 51,921	\$ 27,147	\$ (24,774)	\$ 24,774
4	2008	\$ 650,000	\$ 69,074	\$ 13,000	\$ 732,074	\$ 2,938,118	\$ 124,047	\$ -	\$ 124,047	\$ 54,972	\$ (69,074)	\$ 69,074
5	2009	\$ 400,000	\$ 49,325	\$ 8,000	\$ 457,325	\$ 3,395,443	\$ 165,212	\$ -	\$ 165,212	\$ 115,887	\$ (49,325)	\$ 49,325
6	2010	\$ 100,000	\$ -	\$ 2,000	\$ 102,000	\$ 3,487,443	\$ 190,927	\$ 10,000	\$ 200,927	\$ 203,225	\$ 2,298	\$ -
7	2011	\$ -	\$ -	\$ -	\$ -	\$ 3,422,443	\$ 196,100	\$ 65,000	\$ 261,100	\$ 264,657	\$ 3,557	\$ -
8	2012	\$ -	\$ -	\$ -	\$ -	\$ 3,317,443	\$ 192,445	\$ 105,000	\$ 297,445	\$ 301,928	\$ 4,483	\$ -
9	2013	\$ -	\$ -	\$ -	\$ -	\$ 3,167,443	\$ 186,541	\$ 150,000	\$ 336,541	\$ 336,623	\$ 82	\$ -
10	2014	\$ -	\$ -	\$ -	\$ -	\$ 2,977,443	\$ 178,107	\$ 190,000	\$ 368,107	\$ 372,186	\$ 4,079	\$ -
11	2015	\$ -	\$ -	\$ -	\$ -	\$ 2,737,443	\$ 167,423	\$ 240,000	\$ 407,423	\$ 408,637	\$ 1,214	\$ -
12	2016	\$ -	\$ -	\$ -	\$ -	\$ 2,447,443	\$ 153,928	\$ 290,000	\$ 443,928	\$ 446,000	\$ 2,072	\$ -
13	2017	\$ -	\$ -	\$ -	\$ -	\$ 2,102,443	\$ 137,621	\$ 345,000	\$ 482,621	\$ 484,297	\$ 1,676	\$ -
14	2018	\$ -	\$ -	\$ -	\$ -	\$ 1,697,443	\$ 118,221	\$ 405,000	\$ 523,221	\$ 523,551	\$ 330	\$ -
15	2019	\$ -	\$ -	\$ -	\$ -	\$ 1,232,443	\$ 95,448	\$ 465,000	\$ 560,448	\$ 563,787	\$ 3,339	\$ -
16	2020	\$ -	\$ -	\$ -	\$ -	\$ 697,443	\$ 69,301	\$ 535,000	\$ 604,301	\$ 605,028	\$ 728	\$ -
17	2021	\$ -	\$ -	\$ -	\$ -	\$ 92,443	\$ 39,218	\$ 605,000	\$ 644,218	\$ 647,301	\$ 3,083	\$ -
18	2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,198	\$ 92,443	\$ 97,641	\$ -	\$ -	\$ -
19	2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	2028	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	2029	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	2030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	2031	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	2032	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL</b>		<b>\$ 3,288,500</b>	<b>\$ 143,173</b>	<b>\$ 65,770</b>	<b>\$ 3,497,443</b>	<b>\$ 36,842,275</b>	<b>\$ 2,071,656</b>	<b>\$ 3,497,443</b>	<b>\$ 5,569,099</b>	<b>\$ 5,355,226</b>		<b>\$ 143,173</b>

---

## **Proposed Plan for Relocating Displaced Persons or Businesses**

A statement regarding a proposed plan to relocate displaced persons or businesses is required by the TIF law. It is placed in this report to inform individuals of all possibilities associated with TIF; however, it is not necessarily indicative of future actions.

The City and the Redevelopment Authority are authorized to make relocation payments to, or with respect to, persons (including families, business concerns and others) being displaced from the project for moving expenses and losses of property for which reimbursement or compensation is not otherwise made, when such projects and expenditures are approved by the Common Council. Any persons being displaced during the course of the project execution, shall be afforded the opportunity to be relocated in available accommodations which are decent, safe, sanitary, and otherwise habitable and which are within their financial means, all in accordance with a Relocation Plan, prepared pursuant to Chapter 32 of the Wisconsin Statutes and subsequently approved by the Wisconsin Department of Commerce.

## **Attorney's Opinion**

When the final Plan for proposed TID is completed, the City will seek the opinion of an attorney. The attorney will determine if the plan is complete and complies with the Wisconsin TIF law.

---

## **Appendix A – Legal Boundary Description**

---

**City of Milwaukee**  
**TAX INCREMENTAL DISTRICT**  
Bronzeville District



---

**Appendix B – Attorney’s Opinion**

---

Correspondence from the attorney - when available

---

## **Appendix C – Feasibility Analysis**

---

## Introduction

Hurtado Consulting, LLC was engaged by the City of Milwaukee Department of City Development to conduct an analysis of the economic feasibility of creating a tax incremental financing district to assist in the redevelopment of the Bronzeville Cultural Entertainment District.

The feasibility analysis included a review of potential development opportunities for the Bronzeville TID District. These are potential future projects that may occur given the market analysis of the neighborhood, existing buildings within the District and available parcels that are suitable for redevelopment.

The proposed TID consists of approximately 20 blocks, generally encompassing Garfield Street to the south, 7<sup>th</sup> Street to the west, Center Street to the north and the west side of Martin Luther King Jr. Drive on the east.

As part of our efforts, we conducted the following tasks:

- Reviewed potential development opportunities in the proposed TID
- Estimated the property value of the potential future developments
- Evaluated the need for financial assistance to these developments in order to achieve economic feasibility
- Forecast total taxable value in District
- Forecast tax incremental revenues and total revenues
- Prepare cash flow forecast and analyze cash flow
- Evaluate the project terms of the statutory tests to be applied by the Joint Review Board.

The following report presents the results of these analyses.

---

## Proposed District and Potential Projects

The proposed TID is located north of downtown Milwaukee in the historic Bronzeville cultural and entertainment district centered around North Avenue and 4<sup>th</sup> Streets.

The boundaries are generally described as Garfield Street to the south, 7<sup>th</sup> Street to the west, Center Street to the north and the west side of Martin Luther King, Jr. Drive.

Map #1 in the TID Plan shows the boundaries of the proposed TID.

### Potential Projects

There are currently no firm project proposals for retail and commercial development in the Bronzeville District. A market study was completed and several persons have come forward to express strong interest in developing retail, other commercial and entertainment venues in the District.

Our assessment of potential projects was done in conjunction with economic development and real estate staff at the Department of City Development and represents a consensus opinion of the realistic development possibilities in the District that is founded on the market study and on expressions of interest by potential developers and business owners. It is not unreasonable to anticipate that actual development will occur in potentially different locations in the District and in buildings of different sizes than those anticipated here. Overall, it is expected that the value of new development will be comparable to that shown here.

Nine potential projects within the TID are outlined below. They are summarized below. Detailed information about how the assessment values were calculated are shown later in this report.

**Local Entertainment Venue** – Two (2) 3,500 square foot local entertainment venues, each assessed at \$334,000, along North Avenue near 4<sup>th</sup> Street.

**Regional Entertainment Venue** – A 10,000 square foot regional entertainment venue, assessed at \$763,000, along North Avenue near 4<sup>th</sup> Street.

**Specialty Retail** – Two (2) 1,400 square foot specialty retail stores, each assessed at \$134,000, along North Avenue.

---

**Sandwich Shop** – A 1,500 square foot sandwich shop, or other small restaurant establishment, assessed at \$143,000 along North Avenue near 6<sup>th</sup> Street.

**Specialty Foods** – A 1,700 square foot specialty foods store, assessed at \$135,000, along North Avenue as part of a mixed-use development or a stand-alone structure.

**Mixed-Use Development** – Two (2) 2,800 square foot mixed-use developments with retail below and condominiums or apartments above, each assessed at \$267,000 along North Avenue near 6<sup>th</sup> Street.

**Infill Single-Family Homes** – Twenty-six (26) parcels developed as single-family homes valued at \$125,000, built over a three-year period.

**Black Holocaust Museum** – Relocation of the Black Holocaust Museum to a large facility/parcel at the corner of 7<sup>th</sup> Street and North Avenue. An expanded facility would increase the number of exhibits at the Museum and could incorporate a broader cultural center. The facility could potentially include a gift shop and café. It is assumed that this organization would remain as a non-profit and would not add to the overall tax revenue.

In addition, other property owners have expressed an interest in making improvements to their buildings/property, but would be dependent upon the overall development within the District.

## **Conclusion**

At the time of this report, the City had not received any proposals for retail development. These projects are considered potential opportunities based on the market analysis that was completed for the Bronzeville District.

The vacant, City-owned land are the primary opportunities for redevelopment.

---

## **Valuation and Need for Financial Assistance**

The developments outlined in this report are potential opportunities for redevelopment based upon the Bronzeville Market Analysis and District Plan. The valuation of these potential developments was estimated. These valuations provide a foundation on which to estimate the impact such projects would have on the TID and to estimate the need for public assistance for these projects.

The approach used to evaluate potential development projects was to prepare a stabilized year financial analysis. These analyses were intended to provide estimates of the expected financial performance of a particular type of development project.

The financial analysis includes construction cost, tenant improvements (if applicable); professional fees; developer fees; construction period interest and other soft costs.

Construction cost estimates were based on various construction cost databases including R.S Means Unit Costs and our in-house database. We confirmed these estimates with several developers. Soft costs are based on comparable projects we have been involved with. A/E fees may be somewhat high compared to market rates. Developer fees, on the other hand, are at or near the low end of acceptable returns. We anticipate that many of the developers will be business owners looking to develop for their own account or business and will require a lesser return because the primary return to them will come from operation of their new business.

Costs for residential development is based on the Department's recent experience in Landsay Heights.

Debt potential is based on current market conditions of 8.0% interest, 20-year amortization and 1.20 debt coverage ratio. Equity returns on stabilized cash flow were set at 15%.

The results are briefly summarized below and detailed in Tables I through IX.

### **Local Entertainment Venue (2)**

- Construction costs: \$407,750 per venue
- Estimated valuation: \$333,796 per venue
- Public assistance: \$73,953 per venue

### **Regional Entertainment Venue**

- Construction costs: \$932,000

- 
- Estimated valuation: \$762,962
  - Public assistance: \$169,038

### **Specialty Retail (2)**

- Construction costs: \$163,100 per store
- Estimated valuation: \$133,518 per store
- Public assistance: \$29,582 per store

### **Sandwich Shop**

- Construction costs: \$174,750
- Estimated valuation: \$143,055
- Public assistance: \$31,695

### **Specialty Foods**

- Construction costs: \$198,050
- Estimated valuation: \$135,108
- Public assistance: \$62,942

### **Mixed-Use Development (2)**

- Construction costs: \$326,200 per development
- Estimated valuation: \$267,037 per development
- Public assistance: \$59,163 per development

## **SUMMARY**

**Construction Costs-** For the potential new developments, the assumed development sites were clearly City-owned parcels. We assume the sites are clean of hazardous substances and either that no environmental remediation is required or that costs of environmental remediation will be paid for by other sources.

The estimated hard construction cost was \$70 per square foot and that tenant improvements would add another \$25 per square foot. Land is assumed to be provided to the developer at \$0. Total Hard cost of construction is approximately \$95 per square foot. The all-in cost estimate, including hard costs, FF&E, fees, and other soft costs, is approximately \$116.50 per square foot. These costs may vary depending on the type of building constructed and on the amount of FF&E furnished to the project.

**Assessed Valuation.** New value will be created from development of retail, entertainment and other commercial structures. Development of 26 residential



infill homes will also add considerable value. We anticipate that home improvement incentives will generate some increases in taxable assessment but for this analysis, we have assumed \$0 increases in taxable value from home improvement work in the District.

Assessed value will also be lost due to demolition of existing structures.

Increased assessments are shown in the table below.

**Estimate of Assessed Value Creation**

<b>CATEGORY</b>	<b>ASSESSMENT</b>
Commercial	\$ 2,509,826
Residential - New	\$ 3,250,000
Residential - Renovations/Improvements	\$ -
<b>TOTAL INCREMENT</b>	<b>\$ 5,759,826</b>
Less: Decrement from existing improvements	\$ (1,060,900)
<b>NET INCREMENT</b>	<b>\$ 4,698,926</b>

**Need for Public Assistance.** The contemplated retail and entertainment projects have a financing gap of approximately 18% of project costs and total \$589,073 as enumerated below.

<b>Project</b>	<b>Financing Gap</b>
Local entertainment Venue-1	\$ 73,954
Local entertainment Venue-2	\$ 73,954
Regional Venue	\$ 169,038
Specialty Retail - Art Gallery	\$ 29,582
Specialty Retail - clothing	\$ 29,582
Sandwich Shop	\$ 31,695
Specialty Foods	\$ 62,942
Mixed Use-1	\$ 59,163
Mixed Use - 2	\$ 59,163
<b>Total</b>	<b>\$ 589,073</b>

Financing gaps also exist for the residential in fill developments and home improvements in addition to the financing gaps identified above. In those cases, we have identified gaps for infill housing based on recent experience in Lindsay Heights and historical averages for home improvements provided by Department Real Estate staff.

**Table I. Local Entertainment Venue**

<b>Project Scope</b>			
Local Entertainment Venue	3,500 net rentable sq ft		
<b>Development Costs</b>			
Land Costs	0	\$	-
Hard Costs [1]	\$70.00 per sq. ft.	\$	245,000
Tenant Improvements	\$ 25.00 per sq. ft.	\$	87,500
<b>Soft Costs</b>			
Professional Services [2]	12% Hard Costs	\$	39,900
Marketing/Leasing Commissions	\$ 2.50 per sq. ft.	\$	8,750
Developer Fee	8% Hard Costs	\$	26,600
Initial Operating Losses	0% Hard Costs	\$	-
Total Development Cost		\$	407,750
Cost per Square Foot		\$	116.50
<b>Financial Analysis</b>			
Net Rent	\$ 12.00 per sq. ft.	\$	42,000
Vacancy Adjustment	-10% Net Rent	\$	(4,200)
Net Operating Income		\$	37,800
Supportable Debt [3]		\$	309,272
Annual Debt Service		\$	34,121
Cash Available After Debt Service		\$	3,679
Supportable Equity [4]		\$	24,524
Public Support Needed		\$	73,954
<b>Valuation Estimate</b>			
Assessed Value		\$	333,796
Property Taxes	0.02596	\$	8,665

[1] Based on industry resources

[2] Includes legal, accounting, appraisal, lending fees, architectural, etc.

[3] 1.20x debt service coverage, 8.0% interest rate, 20-year amortization

[4] Assumed return on equity required at 15%

**Table II. Local Entertainment Venue**

<b>Project Scope</b>		
Local Entertainment Venue	3,500 net rentable sq ft	
<b>Development Costs</b>		
Land Costs	0	\$ -
Hard Costs [1]	\$70.00 per sq. ft.	\$ 245,000
Tenant Improvements	\$ 25.00 per sq. ft.	\$ 87,500
Soft Costs		
Professional Services [2]	12% Hard Costs	\$ 39,900
Marketing/Leasing Commissions	\$ 2.50 per sq. ft.	\$ 8,750
Developer Fee	8% Hard Costs	\$ 26,600
Initial Operating Losses	0% Hard Costs	\$ -
Total Development Cost		\$ 407,750
Cost per Square Foot		\$ 116.50
<b>Financial Analysis</b>		
Net Rent	\$ 12.00 per sq. ft.	\$ 42,000
Vacancy Adjustment	-10% Net Rent	\$ (4,200)
Net Operating Income		\$ 37,800
Supportable Debt [3]		\$ 309,272
Annual Debt Service		\$ 34,121
Cash Available After Debt Service		\$ 3,679
Supportable Equity [4]		\$ 24,524
Public Support Needed		\$ 73,954
<b>Valuation Estimate</b>		
Assessed Value		\$ 333,796
Property Taxes	0.02596	\$ 8,665

[1] Based on industry resources

[2] Includes legal, accounting, appraisal, lending fees, architectural, etc.

[3] 1.20x debt service coverage, 8.0% interest rate, 20-year amortization

[4] Assumed return on equity required at 15%

**Table III. Regional Entertainment Venue**

<b>Project Scope</b>		
Regional Entertainment Venue	8,000 net rentable sq ft	
<b>Development Costs</b>		
Land Costs	0	\$ -
Hard Costs [1]	\$70.00 per sq. ft.	\$ 560,000
Tenant Improvements	\$ 25.00 per sq. ft.	\$ 200,000
<b>Soft Costs</b>		
Professional Services [2]	12% Hard Costs	\$ 91,200
Marketing/Leasing Commissions	\$ 2.50 per sq. ft.	\$ 20,000
Developer Fee	8% Hard Costs	\$ 60,800
Initial Operating Losses	0% Hard Costs	\$ -
Total Development Cost		\$ 932,000
Cost per Square Foot		\$ 116.50
<b>Financial Analysis</b>		
Net Rent	\$ 12.00 per sq. ft.	\$ 96,000
Vacancy Adjustment	-10% Net Rent	\$ (9,600)
Net Operating Income		\$ 86,400
Supportable Debt [3]		\$ 706,907
Annual Debt Service		\$ 77,992
Cash Available After Debt Service		\$ 8,408
Supportable Equity [4]		\$ 56,055
Public Support Needed		\$ 169,038
<b>Valuation Estimate</b>		
Assessed Value		\$ 762,962
Property Taxes	0.02596	\$ 19,806

[1] Based on industry resources

[2] Includes legal, accounting, appraisal, lending fees, architectural, etc.

[3] 1.20x debt service coverage, 8.0% interest rate, 20-year amortization

[4] Assumed return on equity required at 15%

**Table IV. Specialty Retail**

<b>Project Scope</b>			
Specialty Retail		1,400 net rentable sq ft	
<b>Development Costs</b>			
Land Costs	0		\$ -
Hard Costs [1]	\$70.00 per sq. ft.		\$ 98,000
Tenant Improvements	\$ 25.00 per sq. ft.		\$ 35,000
Soft Costs			
Professional Services [2]	12% Hard Costs		\$ 15,960
Marketing/Leasing Commissions	\$ 2.50 per sq. ft.		\$ 3,500
Developer Fee	8% Hard Costs		\$ 10,640
Initial Operating Losses	0% Hard Costs		\$ -
Total Development Cost			\$ 163,100
Cost per Square Foot			\$ 116.50
<b>Financial Analysis</b>			
Net Rent	\$ 12.00 per sq. ft.		\$ 16,800
Vacancy Adjustment	-10% Net Rent		\$ (1,680)
Net Operating Income			\$ 15,120
Supportable Debt [3]			\$ 123,709
Annual Debt Service			\$ 13,649
Cash Available After Debt Service			\$ 1,471
Supportable Equity [4]			\$ 9,810
Public Support Needed			\$ 29,582
<b>Valuation Estimate</b>			
Assessed Value			\$ 133,518
Property Taxes	0.02596		\$ 3,466

[1] Based on industry resources

[2] Includes legal, accounting, appraisal, lending fees, architectural, etc.

[3] 1.20x debt service coverage, 8.0% interest rate, 20-year amortization

[4] Assumed return on equity required at 15%

---

**Table V. Specialty Retail**

<b>Project Scope</b>		
Specialty Retail	1,400 net rentable sq ft	
<b>Development Costs</b>		
Land Costs	0	\$ -
Hard Costs [1]	\$70.00 per sq. ft.	\$ 98,000
Tenant Improvements	\$ 25.00 per sq. ft.	\$ 35,000
Soft Costs		
Professional Services [2]	12% Hard Costs	\$ 15,960
Marketing/Leasing Commissions	\$ 2.50 per sq. ft.	\$ 3,500
Developer Fee	8% Hard Costs	\$ 10,640
Initial Operating Losses	0% Hard Costs	\$ -
Total Development Cost		\$ 163,100
Cost per Square Foot		\$ 116.50
<b>Financial Analysis</b>		
Net Rent	\$ 12.00 per sq. ft.	\$ 16,800
Vacancy Adjustment	-10% Net Rent	\$ (1,680)
Net Operating Income		\$ 15,120
Supportable Debt [3]		\$ 123,709
Annual Debt Service		\$ 13,649
Cash Available After Debt Service		\$ 1,471
Supportable Equity [4]		\$ 9,810
Public Support Needed		\$ 29,582
<b>Valuation Estimate</b>		
Assessed Value		\$ 133,518
Property Taxes	0.02596	\$ 3,466

[1] Based on industry resources

[2] Includes legal, accounting, appraisal, lending fees, architectural, etc.

[3] 1.20x debt service coverage, 8.0% interest rate, 20-year amortization

[4] Assumed return on equity required at 15%

**Table VI. Sandwich Shop**

<b>Project Scope</b>			
Sandwich Shop		1,500 net rentable sq ft	
<b>Development Costs</b>			
Land Costs	0		\$ -
Hard Costs [1]	\$70.00 per sq. ft.		\$ 105,000
Tenant Improvements	\$ 25.00 per sq. ft.		\$ 37,500
Soft Costs			
Professional Services [2]	12% Hard Costs		\$ 17,100
Marketing/Leasing Commissions	\$ 2.50 per sq. ft.		\$ 3,750
Developer Fee	8% Hard Costs		\$ 11,400
Initial Operating Losses	0% Hard Costs		\$ -
Total Development Cost			\$ 174,750
Cost per Square Foot			\$ 116.50
<b>Financial Analysis</b>			
Net Rent	\$ 12.00 per sq. ft.		\$ 18,000
Vacancy Adjustment	-10% Net Rent		\$ (1,800)
Net Operating Income			\$ 16,200
Supportable Debt [3]			\$ 132,545
Annual Debt Service			\$ 14,623
Cash Available After Debt Service			\$ 1,577
Supportable Equity [4]			\$ 10,510
Public Support Needed			\$ 31,695
<b>Valuation Estimate</b>			
Assessed Value			\$ 143,055
Property Taxes	0.02596		\$ 3,714

[1] Based on industry resources

[2] Includes legal, accounting, appraisal, lending fees, architectural, etc.

[3] 1.20x debt service coverage, 8.0% interest rate, 20-year amortization

[4] Assumed return on equity required at 15%

**Table VII. Specialty Foods**

<b>Project Scope</b>			
Specialty Foods		1,700 net rentable sq ft	
<b>Development Costs</b>			
Land Costs		0	\$ -
Hard Costs [1]		\$70.00 per sq. ft.	\$ 119,000
Tenant Improvements	\$	25.00 per sq. ft.	\$ 42,500
<b>Soft Costs</b>			
Professional Services [2]		12% Hard Costs	\$ 19,380
Marketing/Leasing Commissions	\$	2.50 per sq. ft.	\$ 4,250
Developer Fee		8% Hard Costs	\$ 12,920
Initial Operating Losses		0% Hard Costs	\$ -
Total Development Cost			\$ 198,050
Cost per Square Foot			\$ 116.50
<b>Financial Analysis</b>			
Net Rent	\$	10.00 per sq. ft.	\$ 17,000
Vacancy Adjustment		-10% Net Rent	\$ (1,700)
Net Operating Income			\$ 15,300
Supportable Debt [3]			\$ 125,181
Annual Debt Service			\$ 13,811
Cash Available After Debt Service			\$ 1,489
Supportable Equity [4]			\$ 9,926
Public Support Needed			\$ 62,942
<b>Valuation Estimate</b>			
Assessed Value			\$ 135,108
Property Taxes		0.02596	\$ 3,507

[1] Based on industry resources

[2] Includes legal, accounting, appraisal, lending fees, architectural, etc.

[3] 1.20x debt service coverage, 8.0% interest rate, 20-year amortization

[4] Assumed return on equity required at 15%



**Table VIII. Mixed-Use Development**

<b>Project Scope</b>		
Mixed Use with Specialty Retail	2,800 net rentable sq ft	
<b>Development Costs</b>		
Land Costs	0	\$ -
Hard Costs [1]	\$70.00 per sq. ft.	\$ 196,000
Tenant Improvements	\$ 25.00 per sq. ft.	\$ 70,000
Soft Costs		
Professional Services [2]	12% Hard Costs	\$ 31,920
Marketing/Leasing Commissions	\$ 2.50 per sq. ft.	\$ 7,000
Developer Fee	8% Hard Costs	\$ 21,280
Initial Operating Losses	0% Hard Costs	\$ -
Total Development Cost		\$ 326,200
Cost per Square Foot		\$ 116.50
<b>Financial Analysis</b>		
Net Rent (Blended Rate)	\$ 12.00 per sq. ft.	\$ 33,600
Vacancy Adjustment	-10% Net Rent	\$ (3,360)
Net Operating Income		\$ 30,240
Supportable Debt [3]		\$ 247,417
Annual Debt Service		\$ 27,297
Cash Available After Debt Service		\$ 2,943
Supportable Equity [4]		\$ 19,619
Public Support Needed		\$ 59,163
<b>Valuation Estimate</b>		
Assessed Value		\$ 267,037
Property Taxes	0.02596	\$ 6,932

[1] Based on industry resources

[2] Includes legal, accounting, appraisal, lending fees, architectural, etc.

[3] 1.20x debt service coverage, 8.0% interest rate, 20-year amortization

[4] Assumed return on equity required at 15%

**Table IX. Mixed Use Development**

<b>Project Scope</b>		
Mixed Use with Specialty Retail	2,800 net rentable sq ft	
<b>Development Costs</b>		
Land Costs	0	\$ -
Hard Costs [1]	\$70.00 per sq. ft.	\$ 196,000
Tenant Improvements	\$ 25.00 per sq. ft.	\$ 70,000
Soft Costs		
Professional Services [2]	12% Hard Costs	\$ 31,920
Marketing/Leasing Commissions	\$ 2.50 per sq. ft.	\$ 7,000
Developer Fee	8% Hard Costs	\$ 21,280
Initial Operating Losses	0% Hard Costs	\$ -
Total Development Cost		\$ 326,200
Cost per Square Foot		\$ 116.50
<b>Financial Analysis</b>		
Net Rent (Blended Rate)	\$ 12.00 per sq. ft.	\$ 33,600
Vacancy Adjustment	-10% Net Rent	\$ (3,360)
Net Operating Income		\$ 30,240
Supportable Debt [3]		\$ 247,417
Annual Debt Service		\$ 27,297
Cash Available After Debt Service		\$ 2,943
Supportable Equity [4]		\$ 19,619
Public Support Needed		\$ 59,163
<b>Valuation Estimate</b>		
Assessed Value		\$ 267,037
Property Taxes	0.02596	\$ 6,932

[1] Based on industry resources

[2] Includes legal, accounting, appraisal, lending fees, architectural, etc.

[3] 1.20x debt service coverage, 8.0% interest rate, 20-year amortization

[4] Assumed return on equity required at 15%

---

## **TID Economic Feasibility Analysis**

The proposed tax incremental financing district is estimated to generate a cumulative surplus beginning in Year 5 and to have sufficient reserves so that it could retire debt in Year 18 or 2023.

Overall, this suggests that the District will be economically feasible particularly since assistance will be provided on a project basis in parallel to increases in valuation.

Tables X through XIII present the analysis of the size and amortization schedule of the tax increment bond issue that would be needed to assist the assumed projects. The analysis assumes annual inflation in values and costs of development at 2.5%.

### **Table X. Capital Spending**

Capital Spending are based upon the Financing gaps identified earlier plus an additional amount for unknown financing gaps in the retail, commercial and entertainment sectors. We have also added costs for public improvements, residential development, marketing and other administrative costs. Details are shown in Table X.

### **Table XI. New Development**

The projected development value was prepared in consultation with the City of Milwaukee Department of City Development and the Bronzeville Market Analysis and District Plan. The estimates shown in Table XI are reasonable and exemplify realistic development possibilities, but cannot be guaranteed.

Approximately, \$4.7 million of new development is expected to occur in the Bronzeville District by the end of the year 2010. These estimates reflect likely costs of anticipated development and subsequent market values of the land and improvements.

### **Table XII. Tax Increment**

Incremental revenues can be used to fund planned public expenditures and include tax revenues from projected new development as well as projected future increases in property values from general price escalation.

According to the City of Milwaukee, property in the District has been increasing in value by approximately 2.5 percent per year plus the value of new development.

---

Next, the inflation increment was added to the tax base generated by the projected new development to obtain the annual total value of the District. Since incremental TID values can only be used to pay for public improvements, the base value of the District was taken out of the total value to provide the future increment value. The future increment value was multiplied by the assumed tax rate to provide the annual tax increment value. This figure determines how much money is available for annual debt service and other TID related expenses.

The annual tax increment is shown on the last column of Table XII. In the revenue year 2007 the annual tax increment is estimated to be \$27,147 and in the revenue year 2030, the annual tax increment is estimated to be \$1,078,624.

Tax rates were assumed to remain constant throughout the life of this proposed TID. The proposed tax levy freeze legislation contained in the State of Wisconsin 2005-2007 budget may have some effect on the tax increment available for the Bronzeville District. Should the tax freeze become a constitutional amendment, the tax rates may decrease and lengthen the time this TID remains effective.

#### **Table XIII. Cash Flow**

The final step in the economic analysis was to calculate the debt service. This determines if the annual incremental tax revenues (cash flow) will be sufficient to repay the debt that was incurred to pay for planned public improvements. The debt must be repaid within the TIF statutory time limits. Table XII. shows the economic model that was used to determine the debt service plan. The model makes simplifying assumptions of debt instruments used to finance the public improvements.

The debt service plan assumes that all spending in the proposed TID is funded with borrowed funds and the majority of the spending will be eligible for tax exempt financing. Spending for developer incentives and loan funds are assumed to be taxable.

The biggest variable in debt financing is the interest rate. The debt service plan used conservative interest rate assumptions that are based on current market conditions. An interest rate of 4.5 percent is assumed for tax exempt bonds and an interest rate of 6.0 percent is assumed for taxable bonds. Actual borrowing costs may be improved by the underwriters and financial advisors that serve the City of Milwaukee.

Table XIV. shows all debt can be repaid by 2023. This is well within the allowable time for TID expiration. Total repayment costs are estimated to be \$5,569,099. The proposed TID is financially feasible.

**Table X: Bronzeville TID Capital Spending Plan**

Capital Spending Plan								
Project Series	Total	2005	2006	2007	2008	2009	2010	2011
<b>Phase II Improvements</b>								
Curb Bump Outs/Paving	\$ 180,000		\$ 90,000	\$ 90,000				
Colored Stamped Concrete Crosswalks	\$ 125,000		\$ 65,000	\$ 60,000				
Directional Signage/Informational Kiosks	\$ 100,500		\$ 50,250	\$ 50,250				
Street Furniture/Trash Receptacles	\$ 45,000			\$ 45,000	\$ -	\$ -		
Extensive Landscaping	\$ 38,000			\$ 38,000		\$ -	\$ -	
<b>Subtotal</b>	<b>\$ 488,500</b>	<b>\$ -</b>	<b>\$ 205,250</b>	<b>\$ 283,250</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>General and Admin. Costs</b>								
Admin., CDA Staffing, Legal	\$ 200,000	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000		
Land Acquisitions	\$ 1,000,000		\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000		
Marketing & Promotion	\$ 100,000		\$ 50,000	\$ 50,000				
E.D. Master Fund/Developer Incentives	\$ 1,000,000		\$ 250,000	\$ 500,000	\$ 250,000			
Residential Assistance Program	\$ 500,000		\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	
Capitalized Interest	\$ 143,173			\$ 24,774	\$ 69,074	\$ 49,325		
<b>Subtotal</b>	<b>\$ 2,943,173</b>	<b>\$ -</b>	<b>\$ 700,000</b>	<b>\$ 974,774</b>	<b>\$ 719,074</b>	<b>\$ 449,325</b>	<b>\$ 100,000</b>	<b>\$ -</b>
<b>Total Use of Funds</b>	<b>\$ 3,431,673</b>	<b>\$ -</b>	<b>\$ 905,250</b>	<b>\$ 1,258,024</b>	<b>\$ 719,074</b>	<b>\$ 449,325</b>	<b>\$ 100,000</b>	<b>\$ -</b>
<b>Sources of Funds</b>								
TID-Backed Debt	\$ 3,431,673	\$ -	\$ 905,250	\$ 1,258,024	\$ 719,074	\$ 449,325	\$ 100,000	\$ -
Tax Exempt	\$ 788,500	\$ -	\$ 305,250	\$ 383,250	\$ 50,000	\$ 50,000	\$ -	\$ -
Taxable Debt	\$ 2,643,173	\$ -	\$ 600,000	\$ 874,774	\$ 669,074	\$ 399,325	\$ 100,000	\$ -
<b>Total Sources of Funds</b>	<b>\$ 3,431,673</b>	<b>\$ -</b>	<b>\$ 905,250</b>	<b>\$ 1,258,024</b>	<b>\$ 719,074</b>	<b>\$ 449,325</b>	<b>\$ 100,000</b>	<b>\$ -</b>

**Table XI: Bronzeville TID Projected New Development**

Exhibit #2: Bronzeville TID Projected New Development	Est. Total Value	2005	2006	2007	2008	2009	2010	2011
<b>Catalytic Projects/New Development</b>								
Residential Development - Single Family Homes- 26 lots @ \$125,000; Year 1:8 units; Years 2 & 3: 9 units	\$ 3,250,000		\$ -	\$ 1,000,000	\$ 1,125,000	\$ 1,125,000		
Local Entertainment Venue (3,500 sq ft)	\$ 333,796		\$ -	\$ 333,796				
Local Entertainment Venue (3,500 sq ft)	\$ 333,796		\$ -	\$ -	\$ 333,796			
Regional Entertainment Venue (8,000 sq ft)	\$ 762,962		\$ -	\$ -	\$ 762,962			
Sandwich Shop (1,500 sq ft)	\$ 143,055		\$ -	\$ 143,055				
Specialty Retail (1,400 sq ft)	\$ 133,518		\$ -	\$ 133,518				
Specialty Retail (1,400 sq ft)	\$ 133,518		\$ -	\$ -	\$ 133,518			
(2) Mixed Use/Specialty Retail Developments (2,800 sq ft each)	\$ 534,073			\$ 267,037	\$ 267,037			
Specialty Foods (1,700 sq ft)	\$ 135,108				\$ -	\$ -	\$ 135,108	
<b>Total New Development</b>	<b>\$ 5,759,826</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,877,406</b>	<b>\$ 2,622,312</b>	<b>\$ 1,125,000</b>	<b>\$ 135,108</b>	
<b>Demolition and Reduction of Value</b>								
Regional Entertainment Venue	\$ 334,500				\$ 334,500			
Sandwich Shop	\$ 83,900			\$ 83,900				
Specialty Retail	\$ 346,600			\$ 346,600				
Mixed-Use Development with Specialty Retail	\$ 161,600			\$ 80,800	\$ 80,800			
Cultural Center	\$ 118,300			\$ 118,300				
Local Entertainment Venue	\$ 16,000				\$ 16,000			
<b>Total Value of Development</b>	<b>\$ 4,714,926</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,247,806</b>	<b>\$ 2,207,012</b>	<b>\$ 1,125,000</b>	<b>\$ 135,108</b>	<b>\$ -</b>
	<b>\$ 4,714,926</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,247,806</b>	<b>\$ 2,207,012</b>	<b>\$ 1,125,000</b>	<b>\$ 135,108</b>	<b>\$ -</b>

**Table XII: Bronzeville TID Pro Forma and Increment Value**

TID Pro Forma (Increment Value)								
				Tax Rate (2005)		0.02596		
				Inflation Factor		2.5%		
Base Value		\$ 41,828,800						
Construction Year	Valuation Year	Revenue Year (RevYr)	Inflation Increment	Real Increment / (Decrement)	Total Value at 12/31/RevYr	Future Value Increment	Assumed Tax Rate	Tax Increment
2004	2005	2006	\$ -	\$ -	\$ 41,828,800	\$ -	\$ 0.02596	\$ -
2005	2006	2007	\$ 1,045,720	\$ -	\$ 42,874,520	\$ 1,045,720	\$ 0.02596	\$ 27,147
2006	2007	2008	\$ 1,071,863	\$ -	\$ 43,946,383	\$ 2,117,583	\$ 0.02596	\$ 54,972
2007	2008	2009	\$ 1,098,660	\$ 1,247,805.94	\$ 46,292,849	\$ 4,464,049	\$ 0.02596	\$ 115,887
2008	2009	2010	\$ 1,157,321	\$ 2,207,012.32	\$ 49,657,182	\$ 7,828,382	\$ 0.02596	\$ 203,225
2009	2010	2011	\$ 1,241,430	\$ 1,125,000.00	\$ 52,023,612	\$ 10,194,812	\$ 0.02596	\$ 264,657
2010	2011	2012	\$ 1,300,590	\$ 135,107.80	\$ 53,459,310	\$ 11,630,510	\$ 0.02596	\$ 301,928
2011	2012	2013	\$ 1,336,483	\$ -	\$ 54,795,792	\$ 12,966,992	\$ 0.02596	\$ 336,623
2012	2013	2014	\$ 1,369,895	\$ -	\$ 56,165,687	\$ 14,336,887	\$ 0.02596	\$ 372,186
2013	2014	2015	\$ 1,404,142	\$ -	\$ 57,569,829	\$ 15,741,029	\$ 0.02596	\$ 408,637
2014	2015	2016	\$ 1,439,246	\$ -	\$ 59,009,075	\$ 17,180,275	\$ 0.02596	\$ 446,000
2015	2016	2017	\$ 1,475,227		\$ 60,484,302	\$ 18,655,502	\$ 0.02596	\$ 484,297
2016	2017	2018	\$ 1,512,108		\$ 61,996,410	\$ 20,167,610	\$ 0.02596	\$ 523,551
2017	2018	2019	\$ 1,549,910		\$ 63,546,320	\$ 21,717,520	\$ 0.02596	\$ 563,787
2018	2019	2020	\$ 1,588,658		\$ 65,134,978	\$ 23,306,178	\$ 0.02596	\$ 605,028
2019	2020	2021	\$ 1,628,374		\$ 66,763,352	\$ 24,934,552	\$ 0.02596	\$ 647,301
2020	2021	2022	\$ 1,669,084		\$ 68,432,436	\$ 26,603,636	\$ 0.02596	\$ 690,630
2021	2022	2023	\$ 1,710,811		\$ 70,143,247	\$ 28,314,447	\$ 0.02596	\$ 735,043
2022	2023	2024	\$ 1,753,581		\$ 71,896,828	\$ 30,068,028	\$ 0.02596	\$ 780,566
2023	2024	2025	\$ 1,797,421		\$ 73,694,249	\$ 31,865,449	\$ 0.02596	\$ 827,227
2024	2025	2026	\$ 1,842,356		\$ 75,536,605	\$ 33,707,805	\$ 0.02596	\$ 875,055
2025	2026	2027	\$ 1,888,415		\$ 77,425,020	\$ 35,596,220	\$ 0.02596	\$ 924,078
2026	2027	2028	\$ 1,935,626		\$ 79,360,646	\$ 37,531,846	\$ 0.02596	\$ 974,327
2027	2028	2029	\$ 1,984,016		\$ 81,344,662	\$ 39,515,862	\$ 0.02596	\$ 1,025,832
2028	2029	2030	\$ 2,033,617		\$ 83,378,278	\$ 41,549,478	\$ 0.02596	\$ 1,078,624
2029	2030	2031	\$ 2,084,457		\$ 85,462,735	\$ 43,633,935	\$ 0.02596	\$ 1,132,737
2030	2031	2032	\$ 2,136,568		\$ 87,599,304	\$ 45,770,504	\$ 0.02596	\$ 1,188,202
2031	2032	2033	\$ 2,189,983		\$ 89,789,286	\$ 47,960,486	\$ 0.02596	\$ 1,245,054
2032	2033	2034	\$ 2,244,732		\$ 92,034,018	\$ 50,205,218	\$ 0.02596	\$ 1,303,327
<b>TOTAL</b>				\$	4,714,926			\$ 18,135,929

Table XIII: Bronzeville TID Debt Service Plan and Cash Flow

Debt Service Plan												
Assumptions:						Results						
Blended Interest Rate-TID Debt		5.62%		Project Cost		\$ 3,288,500						
Interest rate-Tax Exempt		4.50%		Total Borrowing Costs & Bond Discounts		\$ 65,770						
Interest rate-Taxable		6.0%		Capitalized Interest		\$ 143,173						
Borrowing Fees & Bond Discount		2.0%		Total Interest Cost		\$ 2,071,656						
				Total Repayment Cost		\$ 5,569,099						
				Net Tax Base Creation		\$ 4,714,926						
				Net New Tax Base per \$1 Borrowed		\$ 1.35						
Period	Year	Total Debt Financed Project Costs	Capitalized Interest	Borrowing Costs & Bond Discount	Blended Rate Capital Debt	Cumulative Debt/Unpaid Principal	Interest Payment	Principal Payment	Total Payment	Incremental Tax Revenues	TID Account Balance (Loss)	Capitalized Interest
1	2005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	2006	\$ 905,250	\$ -	\$ 18,105	\$ 923,355	\$ 923,355	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	2007	\$ 1,233,250	\$ 24,774	\$ 24,665	\$ 1,282,689	\$ 2,206,044	\$ 51,921	\$ -	\$ 51,921	\$ 27,147	\$ (24,774)	\$ 24,774
4	2008	\$ 650,000	\$ 69,074	\$ 13,000	\$ 732,074	\$ 2,938,118	\$ 124,047	\$ -	\$ 124,047	\$ 54,972	\$ (69,074)	\$ 69,074
5	2009	\$ 400,000	\$ 49,325	\$ 8,000	\$ 457,325	\$ 3,395,443	\$ 165,212	\$ -	\$ 165,212	\$ 115,887	\$ (49,325)	\$ 49,325
6	2010	\$ 100,000	\$ -	\$ 2,000	\$ 102,000	\$ 3,487,443	\$ 190,927	\$ 10,000	\$ 200,927	\$ 203,225	\$ 2,298	\$ -
7	2011		\$ -			\$ 3,422,443	\$ 196,100	\$ 65,000	\$ 261,100	\$ 264,657	\$ 3,557	\$ -
8	2012		\$ -			\$ 3,317,443	\$ 192,445	\$ 105,000	\$ 297,445	\$ 301,928	\$ 4,483	\$ -
9	2013		\$ -			\$ 3,167,443	\$ 186,541	\$ 150,000	\$ 336,541	\$ 336,623	\$ 82	\$ -
10	2014		\$ -			\$ 2,977,443	\$ 178,107	\$ 190,000	\$ 368,107	\$ 372,186	\$ 4,079	\$ -
11	2015		\$ -			\$ 2,737,443	\$ 167,423	\$ 240,000	\$ 407,423	\$ 408,637	\$ 1,214	\$ -
12	2016					\$ 2,447,443	\$ 153,928	\$ 290,000	\$ 443,928	\$ 446,000	\$ 2,072	\$ -
13	2017					\$ 2,102,443	\$ 137,621	\$ 345,000	\$ 482,621	\$ 484,297	\$ 1,676	\$ -
14	2018					\$ 1,697,443	\$ 118,221	\$ 405,000	\$ 523,221	\$ 523,551	\$ 330	\$ -
15	2019					\$ 1,232,443	\$ 95,448	\$ 465,000	\$ 560,448	\$ 563,787	\$ 3,339	\$ -
16	2020					\$ 697,443	\$ 69,301	\$ 535,000	\$ 604,301	\$ 605,028	\$ 728	\$ -
17	2021					\$ 92,443	\$ 39,218	\$ 605,000	\$ 644,218	\$ 647,301	\$ 3,083	\$ -
18	2022					\$ -	\$ 5,198	\$ 92,443	\$ 97,641			\$ -
19	2023					\$ -	\$ -	\$ -	\$ -			\$ -
20	2024					\$ -	\$ -	\$ -	\$ -			\$ -
21	2025					\$ -	\$ -	\$ -	\$ -			\$ -
24	2028					\$ -	\$ -	\$ -	\$ -			\$ -
25	2029					\$ -	\$ -	\$ -	\$ -			\$ -
26	2030					\$ -	\$ -	\$ -	\$ -			\$ -
27	2031					\$ -	\$ -	\$ -	\$ -			\$ -
28	2032					\$ -	\$ -	\$ -	\$ -			\$ -
<b>TOTAL</b>		<b>\$ 3,288,500</b>	<b>\$ 143,173</b>	<b>\$ 65,770</b>	<b>\$ 3,497,443</b>	<b>\$ 36,842,275</b>	<b>\$ 2,071,656</b>	<b>\$ 3,497,443</b>	<b>\$ 5,569,099</b>	<b>\$ 5,355,226</b>		<b>\$ 143,173</b>



---

## **Joint Review Board Tests**

Three (3) tests must be applied by the Joint Review Board in determining whether or not to approve the establishment of a tax increment financing district. The three (3) tests include the "but for", economic benefits and impacts on other jurisdictions.

### **But for....**

The Joint Review Board must consider whether development would occur without the use of tax incremental financing. To evaluate this criterion, we have tested whether or not projects would be financially feasible without TIF assistance.

Without TIF assistance, the potential developments identified by the Bronzeville Market Analysis and District Plan would not be feasible. The identified projects need to support either additional debt or additional equity in the amount of approximately \$589,073. Sufficient cash flows would have to be available to support additional interest, principal payments or the equity would have to earn a reasonable return.

The analysis assumed that investors would require 15% annual cash-on-cash return on their investment. Additional equity would decrease returns further and makes the projects unattractive to investors.

Increasing the amount of debt financing is also difficult. Increasing debt, and therefore, debt service, increases risk, decreases cash flow and negatively impacts equity returns. From the debt prospective, raising loan amounts also increases risk and the ratio of debt to equity. Under these circumstances, it would be difficult to obtain additional debt.

On the residential side, actual experience in Lindsay Heights shows, conclusively, that new residential development requires a subsidy of the magnitude included in this analysis. Similarly, experience demonstrates that improving the existing housing stock requires incentives to encourage investment in the homes.

It is our opinion that, without TIF assistance, future projects will not proceed.

### **Economic Benefits**

The Joint Review Board is charged with determining whether the economic benefits are sufficient to justify the investment of public funds.

---

The ability to retire the TIF debt was the first consideration. As structured, the debt is retired within the life of the TID. The TID will be retired in 18 years or by 2023.

Second, there are significant benefits to fostering entertainment, retail and residential development near the downtown. Retail and entertainment development will economically benefit the City by retaining individuals who may otherwise look outside the City for housing and attracting new residents to the City. These residents will invest their income in household goods, food, entertainment and other services that will provide a new benefit to City businesses.

The area is a historic neighborhood, and new investment through rehabilitation of selected buildings will restore its character.

The City owns several parcels within the proposed TID. Clearly, the land is underutilized and not realizing its tax generating potential.

New developments will create construction jobs and those wages will filter throughout the economy. Permanent jobs will also be created within the neighborhood by the new development.

### **Impacts on Other Jurisdictions**

The Joint Review Board must also consider whether the benefits outweigh the anticipated tax increments to be paid by the owners of the property in the overlying tax districts. In this case, the economic feasibility of large scale redevelopment in this area without assistance is such that the buildings not yet under renovation would sit in their current state for many years. The City already owns a large number of the parcels, so they are off of the tax rolls. Hence, without the TID to help spur private investment, tax revenues from those parcels represent a foregone opportunity. With the TID, tax revenue will be significantly increased and, starting in year 13, the other taxing bodies should enjoy an increase in revenue. Further, specific projects will assist in stabilizing values in the community and could provide impetus to other, complementary projects which would further enhance the overall area's tax base.

In our opinion, the project clearly meets the Joint Review Board tests.